



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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B-176531

November 29, 1973

Mr. R. J. White
Certifying Officer
Office of Economic Opportunity
1200 19th Street, N.W. Room L300-A
Washington, D.C. 20506

Dear Mr. White:

This refers further to your letter of August 21, 1973, with enclosures, requesting our decision as to whether you could certify for payment the claim of Mr. Rocco Fazio for reimbursement of closing costs incurred in connection with the purchase of a new residence incident to a transfer of station. You requested our decision since Mr. Fazio occupies only 40 percent of the house he purchased.

As a result of our letter of September 10, 1973, to you Mr. Fazio has submitted additional information by letter and by a telephone conversation which is sufficient for us to render a decision concerning the propriety of his claim.

The record indicates that Mr. Fazio was transferred to San Francisco, California, effective July 25, 1971. On July 10, 1972, he closed the purchase on a building consisting of three dwelling units. Mr. Fazio occupies one of the units which represents 40 percent of the premises. Section 4.1f of Office of Management and Budget Circular No. A-56, revised effective September 1, 1971, provides that when the residence is a multiple occupancy dwelling which is occupied only partially by the employee, expenses will be reimbursed on a pro rata basis. Accordingly, Mr. Fazio is entitled to reimbursement of 40 percent of the otherwise allowable expenses. See B-166402, May 7, 1969, copy enclosed.

The items claimed as shown on the copies of the voucher and closing statement are as follows:

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<u>Voucher</u>		<u>Itemization on Closing Statement</u>	
Legal fees	- \$ 22.00	Recording fees	- \$ 18.00
		Notary fees	- \$ 4.00
Certifications	- \$ 35.00	Termite Inspection fee	- \$ 35.00
Credit report	- \$ 7.50	Credit report	- \$ 7.50
Mortgage title policy	- \$ 531.10	Title insurance premium	- \$ 531.10
Loan fee	- \$1,050.00	Loan fee	- \$1,050.00
Tax service	- \$ 15.00	Tax service	- \$ 15.00

The following items are those on which a pro rata reimbursement may be made:

1. Legal fees. Mr. Fazio advised us by telephone that this amount of \$22.00 represents the charges stated on the closing statement for recording fees (\$18.00) and notary fees (\$4.00). These are specifically allowable under provisions of subsection 4.2c of Circular No. A-56, supra.

2. The certification fee is listed on the closing statement as a termite inspection fee. This is allowable. See B-170007, July 13, 1970, copy enclosed.

3. Credit report. This fee was listed on the closing statement as a "New Loan Charge". However, credit reports are specifically excluded from the computation of finance charges by subsection 106(e)(6) of Public Law 90-321, approved May 29, 1968, 82 Stat. 149. Thus they are not excluded from reimbursement under the provisions of subsection 4.2d of Circular No. A-56, requiring disallowance of items found to be a part of a finance charge under the Truth-in-Lending Act, but are specifically included among the reimbursable items.

4. The mortgage title policy premium (title insurance premium). We have ascertained from the escrow officer of the Western Title Insurance Company which was also the lending agency that the title insurance purchased was a California Land Title

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Association Premium (CLTA), which is a prerequisite to the transfer of the property and its financing and is purchased for the protection of the lender as well as the purchaser. Decisions of this Office have recognized that such title insurance premiums are reimbursable within the meaning of subsection 4.2d of Circular No. A-56. See B-164867, September 4, 1968; and B-176663, February 20, 1973.

The loan fee and the tax service fee are not reimbursable since these are finance charges as defined in Public Law 90-321 and Regulation Z issued by the Board of Governors of the Federal Reserve System pursuant thereto. Such charges are specifically required to be disallowed by subsection 4.2d of Circular No. A-56. See 49 Comp. Gen. 483 (1970).

The file forwarded with your request is returned herewith and the claim may be certified for payment in accordance with the foregoing.

Sincerely yours,

Paul G. Dembling

For the Comptroller General
of the United States

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